

LIVINGSTON PARISH SHERIFF

Basic Financial Statements, Supplemental Information,
Independent Auditors' Report,
and Other Reports Required by Governmental Auditing Standards

For the Year Ended June 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2.4.04

DEAN AND DEAN
CERTIFIED PUBLIC ACCOUNTANTS

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DEAN AND DEAN

11909 BRICKSOME AVE., SUITE W-1
BATON ROUGE, LA 70816
TELEPHONE: (225) 292-7554
FAX: (225) 292-7525

CERTIFIED PUBLIC ACCOUNTANTS

Donald A. Dean, CPA
David P. Dean, CPA

INDEPENDENT AUDITORS' REPORT

December 29, 2003

Honorable Willie Graves
Livingston Parish Sheriff

We have audited the accompanying basic financial statements of the Livingston Parish Sheriff, as of and for the year ended June 30, 2003. These financial statements are the responsibility of the Livingston Parish Sheriff's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Livingston Parish Sheriff at June 30, 2003, and the results of operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As Described in Note B to the basic financial statements, the Livingston Parish Sheriff adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus, and Statement No. 38 Certain Financial Statement Note Disclosures. This results in a change in the format and content of the basic financial statements.

In Accordance with Government Auditing Standards, we have also issued a report dated December 29, 2003, on our consideration of the Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information on pages 3 through 9 and Page 25, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on Page 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Livingston Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dean and Dean", written over a horizontal line.

Dean and Dean, CPA's

**LIVINGSTON PARISH SHERIFF
LIVINGSTON, LOUISIANA**

Management's Discussion and Analysis

Within this section of the Livingston Parish Sheriff's (the Sheriff) annual financial report, the Sheriff's management is please to provide this narrative discussion and analysis of the financial activities of the Sheriff for the fiscal year ended June 30, 2003. The Sheriff's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Sheriff's assets exceeded its liabilities by \$10,631,295 (net assets) for the fiscal year reported.
- Total revenues of \$9.6 million were exceeded by total expenditures of \$9.2 million, which resulted in a current year deficit of \$442 thousand. This was due to an unexpected increase in Group Health Insurance and the Pension Contribution Rate.
- Over the past three years the Sheriff has had to keep up with a booming population n the parish. To help provide better service to the rising population, the Sheriff opened a substation in Denham Springs during the current year.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$2,942,262 include property and equipment, net of accumulated depreciation.
 - (2) Unrestricted net assets of \$7,689,033.
- The Sheriff's general fund reported total ending fund balance of \$7,689,033 this year. Rapidly rising sales tax and property tax revenues due to the population growth in the parish have contributed to the buildup of the surplus.
-
- The Sheriff's office is continuing to work to improve its financial position and modernize its services.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

**LIVINGSTON PARISH SHERIFF
LIVINGSTON, LOUISIANA**

Management's Discussion and Analysis (Continued)

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Sheriff's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Sheriff also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is only available on a limited basis. However, all applicable tables will present comparative data in fiscal year 2004.

Government-wide Financial Statements

The Sheriff's annual report includes two government-wide financial statements which have been combined with the related fund financial statements and are displayed in the far right column of each statement. These statements provide both long-term and short-term information about the Sheriff's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Sheriff's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Sheriff as a whole is improving or deteriorating. Evaluation of the overall health of the Sheriff would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Sheriff's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Sheriff's distinct activities or functions on revenues provided by the Sheriff's taxpayers.

The government-wide financial statements present governmental activities of the Sheriff that are principally supported by property taxes and sales taxes. The sole purpose of these governmental activities is public safety.

The government-wide financial statements are presented on pages 12 and 13 of this report.

**LIVINGSTON PARISH SHERIFF
LIVINGSTON, LOUISIANA**

Management's Discussion and Analysis (Continued)

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Sheriff uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Sheriff's most significant funds rather than the Sheriff as a whole.

The Sheriff uses governmental funds and fiduciary funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Sheriff's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statements are presented in the far left column of the statements with a separate column showing the adjustments between the government-wide statements and the fund statements.

The basic governmental fund financial statements are presented on pages 16-19 of this report.

Fiduciary funds are reported in the fund financial statements and report taxes collected for other taxing bodies, deposits held pending court action and the individual prison inmate accounts. The Sheriff only reports agency funds.

The basic agency fund financial statement is presented on pages 20 of this report.

Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

**LIVINGSTON PARISH SHERIFF
LIVINGSTON, LOUISIANA**

Management's Discussion and Analysis (Continued)

Other Information

In addition to the basis financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Sheriff's budget presentations. Budgetary comparison statements are included as "required supplementary information" for the general and special revenue fund. These schedules demonstrate compliance with the Sheriff's adopted and final revised budget. Required supplementary information can be found on pages 38 and 39 of this report.

Financial Analysis of the Sheriff as a Whole (dollars are in thousands)

The Sheriff implemented the new financial reporting model used in this report with the current fiscal year ended June 30, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Sheriff's as a whole.

The Sheriff's net assets at fiscal year-end are \$10,631,295. The following table provides a summary of the Sheriff's net assets:

Summary of Net Assets

Governmental		
Activities		
Assets:		
Current assets	\$ 7,869,316	73%
Capital assets	2,942,262	27%
Total assets	10,811,578	100%
Liabilities:		
Current liabilities	180,283	100%
Total liabilities	180,283	100%

**LIVINGSTON PARISH SHERIFF
LIVINGSTON, LOUISIANA**

Management's Discussion and Analysis (Continued)

Net assets:

Investments in capital assets 2,942,262
Unrestricted 7,689,033

Total net assets \$10,631,295

Overall, the Sheriff's office reports net assets of \$10,631,295. This amount is \$442,011 lower than last year. The Sheriff's office has \$2.9 million invested in capital assets. Current assets exceed current liabilities by \$7,689,033.

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the Sheriff's changes in net assets:

Summary of Changes in Net Assets

	Governmental <u>Activities</u>	Percentage <u>of Total</u>
Revenues:		
Program:		
Charges for services/fines	\$ 1,570,438	15%
General:		
Sales taxes	3,962,017	37%
Property taxes	3,865,959	36%
State revenue sharing	559,200	5%
Interest	173,600	2%
Miscellaneous	689,534	5%
Total Revenues	10,820,748	100%
Program expenses:		
Public safety	11,262,749	100%
Total Expenses	11,262,749	100%
Change in net assets	(442,001)	
Beginning net assets	11,073,296	
Ending net assets	\$10,631,295	

**LIVINGSTON PARISH SHERIFF
LIVINGSTON, LOUISIANA**

Management's Discussion and Analysis (Continued)

GOVERNMENTAL REVENUES

The Sheriff primarily relies on sales taxes and property taxes to support its operations. These two revenues were more than 70% of the Sheriff's total revenues. Also, note that program revenues covered 76% of governmental operating expenses

GOVERNMENTAL FUNCTIONAL EXPENSES

The total function of the Sheriff's office is public safety activities. The only other non-functional cost is interest expense related to the outstanding certificates of indebtedness and sales tax bonds. Of the total cost, depreciation on the office equipment, vehicles and buildings was \$924,647 or 8.2% of total expenses.

Financial Analysis of the Sheriff's Funds

Governmental funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an ending fund balance of \$8,588,860.

The unreserved, undesignated fund balance decreased by \$899,827 from the previous year.

Major Governmental Funds

The General Fund is the Sheriff's only operating fund and source of day-to-day service delivery. The General Fund's fund balance decreased by \$899,827. In fiscal year 2003, the Sheriff spent 1,382,473 on vehicles and equipment to modernize the current operations. This was the primary reason for the large deficit in fiscal year 2003.

**LIVINGSTON PARISH SHERIFF
LIVINGSTON, LOUISIANA**

Management's Discussion and Analysis (Continued)

Budgetary Highlights

The General Fund – When the original budget was adopted, it was anticipated that the total revenues would exceed total expenditures by \$65,000. However, because of unanticipated increases in pension and healthcare coverage for employees, as well as an increase in staff necessary to keep up with the growing population, the budget was amended to reflect a deficit of \$989,650. This was also a larger than expected year for capital expenditures as the Sheriff acquired among other things 20 video systems to mount in patrol cars

Capital Assets and Debt Administration

Capital assets

The Sheriff's investment in capital assets, net of accumulated depreciation as of June 30, 2003, was \$2,942,262. There was a minor overall increase of \$457,826 in capital assets. See Note D for additional information about changes in capital assets during the fiscal year and the balance at the end of the year.

Contacting the Sheriff's Financial Management

This financial report is designed to provide a general overview of the Sheriff's finances, comply with finance-related laws and regulations, and demonstrate the Sheriff's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Sheriff's office, Mr. Ronnie Morse, Chief Civil Deputy at 225-686-2241.

LIVINGSTON PARISH SHERIFF
GOVERNMENTAL FUNDS BALANCE SHEET/
STATEMENT OF NET ASSETS
JUNE 30, 2003

STATEMENT A

	General Fund	Adjustments	Statement of Net Assets
ASSETS AND OTHER DEBITS			
Cash and cash equivalents	\$ 6,935,813	\$	\$ 6,935,813
Taxes receivable	413,487		413,487
Revenue Sharing Receivable	351,685		351,685
Due from other governments	168,331		168,331
Capital assets, net		2,942,262	2,942,262
TOTAL ASSETS	\$ 7,869,316	\$ 2,942,262	\$ 10,811,578
LIABILITIES, FUND EQUITY, AND OTHER CREDITS			
Liabilities			
Accounts, salaries, and withholds payable	\$ 180,283	\$ -0-	\$ 180,283
Total Liabilities	180,283	-0-	180,283
Fund Equity/Net Assets			
Fund balance:			
Unreserved-undesignated	7,689,033	2,942,262	10,631,295
Total Fund Equity/Net Assets	7,689,033	2,942,262	10,631,295
TOTAL LIABILITIES AND FUND EQUITY/NET ASSETS	\$ 7,869,316	\$ 2,942,262	\$ 10,811,578
NET ASSETS			
Invested in Capital Assets			2,942,262
Unrestricted			7,689,033
Total Net Assets			\$ 10,631,295

See Accompanying Notes

LIVINGSTON PARISH SHERIFF

Statement B

STATEMENT OF GOVERNMENTAL FUND REVENUES

EXPENDITURES, AND CHANGES IN FUND BALANCES/

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2003

	General Fund	Adjustments	Statement of Activities
<u>EXPENDITURES/EXPENSES</u>			
Public Safety:			
Personal services and related benefits	\$ 7,387,488	\$	\$ 7,387,488
Materials and supplies	1,365,057		1,365,057
Operating services	1,350,287		1,350,287
Capital outlay	1,382,473	(1,382,473)	0
Travel and other charges	235,270		235,270
Depreciation		924,647	924,647
	<u>11,720,575</u>	<u>(457,826)</u>	<u>11,262,749</u>
<u>PROGRAM REVENUES</u>			
Fines, forfeitures, and other fees	<u>(1,570,438)</u>		<u>(1,570,438)</u>
	<u>10,150,137</u>	<u>(457,826)</u>	<u>9,692,311</u>
<u>GENERAL REVENUES</u>			
Ad valorem taxes	\$ 3,865,959		3,865,959
Sales taxes	3,962,017		3,962,017
Intergovernmental revenue	1,156,763		1,156,763
Use of property and money	173,600		173,600
Miscellaneous	91,971		91,971
	<u>9,250,310</u>	<u>0</u>	<u>9,250,310</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES/EXPENSES	(899,827)	457,826	(442,001)
FUND BALANCE/NET ASSETS:			
Beginning of the Year	<u>8,588,860</u>	<u>2,484,436</u>	<u>11,073,296</u>
End of Year	<u>\$ 7,689,033</u>	<u>2,942,262</u>	<u>10,631,295</u>

See Accompanying Notes

LIVINGSTON PARISH SHERIFF
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2003

Statement C

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 565,113	\$ 1,977,161	\$ 2,542,274
Total Assets	<u>\$ 565,113</u>	<u>\$ 1,977,161</u>	<u>\$ 2,542,274</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Due to taxing bodies and others	\$ 565,113	\$ 1,977,161	\$ 2,542,274
Total liabilities	565,113	1,977,161	2,542,274
Fund equity	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Liabilities and Fund Equity	<u>\$ 565,113</u>	<u>\$ 1,977,161</u>	<u>\$ 2,542,274</u>

See Accompanying Notes

LIVINGSTON PARISH SHERIFF
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2003

Statement D

	Sheriff's Fund	Tax Collector Fund	Total
BALANCES AT BEGINNING OF YEAR	\$ 349,812	\$ 566,083	\$ 915,895
ADDITIONS			
Suits, sales, etc.	2,776,220		2,776,220
Fines and bonds	588,913	517,938	1,106,851
Advance deposits	454,136		454,136
Garnishments	185,280		185,280
Interest	10,570	42,034	52,604
Ad valorem taxes		18,594,724	18,594,724
Prior year taxes		236,575	236,575
Parish licenses		370,180	370,180
Sportsman licenses		3,293	3,293
State revenue sharing		1,890,576	1,890,576
Redemptions and refunds		602,594	602,594
Total Additions	4,015,119	22,257,914	26,273,033
REDUCTIONS			
Deposits settled to:			
State of Louisiana:			
Department of Wildlife and Fisheries		3,372	3,372
Commission on Law Enforcement		13,046	13,046
Tax Commission		4,580	4,580
Forestry Commission		20,791	20,791
Treasurer		18,645	18,645
Livingston Parish:			
School Board		6,277,223	6,277,223
Sheriff	877,275	4,392,514	5,269,789
Police Jury	115,733	2,020,935	2,136,668
Library		1,341,773	1,341,773
Recreation Districts		1,487,851	1,487,851
Fire Protection Districts		1,709,117	1,709,117
Assessor		1,254,499	1,254,499
Drainage Districts		289,661	289,661
Clerk of Court	195,823	53,828	249,651
Twenty-first Judicial District:			
District Attorney	44,345	64,828	109,173
Judicial Expense Fund		16,370	16,370
Indigent Defender Board	50,550	56,920	107,470
Juvenile Justice		439,890	439,890
Municipalities		216,878	216,878
Pension Funds		564,183	564,183
Attorney and litigants	1,996,925		1,996,925
Appraisers, helpers, etc.	409,451		409,451
Refunds and Redemptions		599,932	599,932
Other	109,716		109,716
Total Reductions	3,799,818	20,846,836	24,646,654
BALANCES AT END OF YEAR	\$ 565,113	\$ 1,977,161	\$ 2,542,274

See Accompanying Notes

LIVINGSTON PARISH SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2003

A. THE REPORTING ENTITY

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. Additionally, the Sheriff, when requested, provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, sportsman's licenses, and fines, costs, and bond forfeitures imposed by the district court.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards for state and local governmental entities. The GASB has issued a codification of governmental accounting and financial reporting standards (1987). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The accompanying financial statements have been prepared in accordance with such principles.

As the governing authority for the parish, for reporting purposes, the Livingston Parish Police Jury is the financial reporting entity for Livingston Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Livingston Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

LIVINGSTON PARISH SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2003

1. Appointing a voting majority of an organization's governing body, and (a) The ability of the police jury to impose its will on that organization and/or (b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury has authority over the Sheriff's capital budget, the Sheriff was considered to be fiscally dependent on the police jury. For this reason the Sheriff was determined to be a component unit of the Livingston Police Parish Jury, the reporting entity. The accompanying financial statements present information only on the funds maintained by the Sheriff, and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying basic financial statements of the Livingston Parish Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

FUND ACCOUNTING

The accounts of the Sheriff are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

LIVINGSTON PARISH SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2003

General Fund

The General Fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's office and accounts for the operations of the Sheriff's office. The Sheriff's primary source of revenue is an ad valorem tax levied by the law enforcement district. Other sources of revenue include commissions on state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund.

Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, et cetera. Disbursements from these funds are made to various parish agencies, litigants in suits, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund and Other Funds, of Statements A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of sheriff operations.

The amounts reflected in the General Fund and Other Funds, of Statements A and B, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

LIVINGSTON PARISH SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2003

Revenues

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed and become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year.

Federal and State grants are recorded when the law enforcement district is entitled to the funds.

Sales and use tax revenues are collected by the Livingston Parish School Board and are recognized by the law enforcement district as revenue in the month the tax is collected.

Interest on investments and all other revenues are recorded when the income is measurable and available.

Expenditures

Expenditures are generally recognized under the accrual basis of accounting when the related fund liability is incurred.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the sheriff as a whole. These statements include all the financial activities of the sheriff. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from sheriff users as a fee for services; program revenues reduce the cost of the function to be financed from the sheriff's general revenues.

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Assets (Statement A) are as follows:

LIVINGSTON PARISH SHERIFF
 NOTES TO THE FINANCIAL STATEMENTS
 As of and For the Year Ended June 30, 2003

Beginning Fund Balance Per Fund Columns	\$ 8,588,860
Beginning Capital Assets	6,262,863
Less Beginning Accumulated Depreciation	<u>(3,778,427)</u>
Beginning Net Assets	<u>\$11,073,296</u>
Excess (deficit) of Revenues over Expenditures	
Per Fund Columns	\$ (899,827)
Capital Expenditures	1,382,473
Less Depreciation	<u>(924,647)</u>
Decrease in Net Assets	<u>\$ (442,001)</u>

BUDGET PRACTICES

The proposed budget for 2003 was made available for public inspection on June 20, 2002. The proposed budget, prepared on the same basis of accounting as the financial statements, was published in the official journal ten days prior to the public hearing, which was held at the Livingston Parish Sheriff's office on June 30, 2002 for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Sheriff.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management device. However, periodic comparisons of budget and actual amounts are made. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

CASH AND CASH EQUIVALENTS

Cash equivalents are considered to be all highly liquid investments with maturities of three months or less when purchased.

Under state law, the Sheriff may deposit funds in interest bearing demand deposits, money market accounts, or time deposits with state banks organized under the Louisiana law or national banks having their principal offices in Louisiana. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

LIVINGSTON PARISH SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2003

VACATION AND SICK LEAVE

Each year all permanent full-time employees of the Sheriff's office earn seven to twenty-one days of vacation leave depending on the number of years employed and ten days of sick leave. At the end of each year, all unused sick leave and vacation leave is forfeited. The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the general fund when leave is actually taken.

CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or describe other method of valuation). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The sheriff maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over useful lives ranging from five to forty years.

FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

SALES TAXES

The Sheriff receives a half cent parish-wide sales tax to help cover the cost of operating expenses which does not expire. The sales tax is recorded as revenue in the month in which it is collected.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

LIVINGSTON PARISH SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2003

C. CASH AND CASH EQUIVALENTS

At June 30, 2003, the Sheriff has cash and cash equivalents (book balances) totaling \$9,478,087, as follows:

Petty cash	\$ 750
Certificates of deposit	4,349,399
Interest bearing demand deposits	<u>2,585,664</u>
Total General Fund Balances	6,935,813
Agency Fund-Interest bearing Demand deposits	<u>2,542,274</u>
Total	<u>\$ 9,478,087</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties (GASB Category 3).

Deposit balances (bank balances) at June 30, 2002 are secured as follows:

Bank Balances	<u>\$ 10,477,490</u>
Federal Deposit Insurance	\$ 200,000
Pledged Securities (Category 3)	<u>10,277,490</u>
Total	<u>\$ 10,000,054</u>

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Sheriff that the fiscal agent has failed to pay deposited funds upon demand.

LIVINGSTON PARISH SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2003
D. CHANGES IN CAPITAL ASSETS

A summary of changes in general fixed assets for the year ended June 30, 2003 follows:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Equipment	\$ 6,262,863	\$ 1,382,473	\$ 15,400	\$ 7,629,937
Total	\$ 6,262,863	\$ 1,382,473	\$ 15,400	\$ 7,629,937

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Depreciation	\$ 3,778,427	\$ 924,647	\$ 15,399	\$ 4,687,675
Total	\$ 3,778,427	\$ 924,647	\$ 15,399	\$ 4,687,675

E. PENSION PLAN

Substantially all employees of the Livingston Parish Sheriff's office are members of the Louisiana Sheriffs Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All sheriffs and all deputies who are found to be physically fit, who earn at least \$400 per month, and who were between the ages of 18 and 50 at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5 percent for each year if total service is at least 12 but less than 15 years, 2.75 percent for each year if total service is at least 15 but less than 20 years, 3 percent for each year if total service is at least 20 years. In any case, the retirement benefit cannot exceed 100 percent of the final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service, and who do not withdraw their employee contributions, may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled to at age 55. The System also provides death and disability benefits. Benefits are established by state statute.

LIVINGSTON PARISH SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2003

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs Pension and Relief Fund, Post Office Box 3163, Monroe, Louisiana 71220, or by calling (318) 362-3191.

Plan members are required by state statute to contribute 9.8 percent of their salary and the Livingston Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Livingston Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Livingston Parish Sheriff's contributions for the years ending June 30, 2003, 2002, and 2001, were \$414,255, \$304,377, and \$219,854, respectively, equal to the required contributions for each year.

F. POST RETIREMENT BENEFITS

The Livingston Parish Sheriff provides certain continuing health care and life insurance benefits for retired employees. Substantially all of the Sheriff's employees become eligible for these benefits if they reach normal retirement age while working for the Sheriff's office. These benefits for retirees are provided through an insurance company whose monthly premiums are paid 100% by the employee.

G. LOUISIANA DEFERRED COMPENSATION PLAN

All of the employees of the Livingston Parish Sheriff are eligible to participate in the State of Louisiana deferred compensation plan. Employees may contribute up to 25% of their salary (not to exceed \$7,500 a year) to the plan on a pre-tax basis. The contributions are withheld from the employees' paycheck and the Sheriff matches up to \$600 per month for each employee. The contributions are fully vested immediately and are remitted to a third-party administrator each payday, where they are deposited to an account in the employee's name. The Livingston Parish Sheriff does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator. During the year ended June 30, 2002, the Sheriff's matching funds totaled \$157,502.

LIVINGSTON PARISH SHERIFF
NOTES TO THE FINANCIAL STATEMENTS
As of and For the Year Ended June 30, 2003

H. TAXES PAID UNDER PROTEST

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 2002, as reflected on Statement A, include \$666,609 of taxes paid under protest plus interest earned to date on the investment of these funds totaling \$6,422. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

I. RISK MANAGEMENT

The Sheriff carries commercial insurance for all major categories of risk including workers' compensation, general liability, and automobile liability. There have been no significant reductions in insurance coverage for the current year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

J. STATE REVENUE SHARING FUNDS

The 2003 revenue sharing funds provided by Act 1000 of 2001 were distributed as follows:

Livingston Parish	
School Board	\$ 621,480
Police Jury	265,110
Library	109,896
Fire Protection Districts	187,925
Sheriff	554,446
Assessor	80,843
Juvenile Justice Commission	13,895
Pension Funds	25,733
Gravity Drainage District	<u>31,248</u>
Total	<u>\$ 1,890,576</u>

REQUIRED SUPPLEMENTAL INFORMATION

LIVINGSTON PARISH SHERIFF
GOVERNMENTAL FUND - GENERAL FUND
SCHEDULE REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2003

Schedule 1

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Ad valorem taxes	\$ 3,694,000	\$ 3,839,175	\$ 3,865,959	\$ 26,784
Sales taxes	3,857,000	3,961,145	3,962,017	872
Fees, charges, and commissions for services	1,362,010	1,581,537	1,570,438	(11,099)
Intergovernmental revenue	1,116,679	1,156,662	1,156,763	101
Use of property and money	80,000	82,600	173,600	91,000
Miscellaneous	75,000	96,430	91,971	(4,459)
Total Revenues	10,184,689	10,717,549	10,820,748	103,199
EXPENDITURES				
Personal services and related benefits	6,311,500	7,370,749	7,387,488	(16,739)
Materials and supplies	1,322,000	1,313,645	1,365,057	(51,412)
Operating services	1,171,000	1,405,240	1,350,287	54,953
Capital outlay	1,125,000	1,331,120	1,382,473	(51,353)
Travel and other charges	190,000	286,445	235,270	51,175
Total Expenditures	10,119,500	11,707,199	11,720,575	(13,376)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	65,189	(989,650)	(899,827)	89,823
FUND BALANCE AT BEGINNING OF YEAR	8,588,860	8,588,860	8,588,860	
FUND BALANCE AT END OF YEAR	\$ 8,654,049	\$ 7,599,210	\$ 7,689,033	\$ 89,823

See Accompanying Notes

LIVINGSTON PARISH SHERIFF
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2003

PRIOR AUDIT FINDINGS

The follow-up and corrective action taken on all prior audit findings is presented in the summary schedule of prior audit findings (Schedule 3).

LIVINGSTON PARISH SHERIFF
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003

<u>FINDING</u>	<u>STATUS</u>
2002-1 The Sheriff did not finalize the budget for the Year until after the beginning of the fiscal year. This is a violation of LSA-RS 39:1304. We recommend the Sheriff complete the budget before the beginning of the fiscal year.	Resolved.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain reports on internal control structure and compliance with laws and regulations required by Government Auditing Standards, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

Independent Auditor's Report on Compliance and on Internal
Control Over Financial Reporting Based on an Audit of
Financial Statements Performed in Accordance
with Government Auditing Standards

December 29, 2003 o

Honorable Willie Graves
Livingston Parish Sheriff and
Ex-Officio Parish Tax Collector
Livingston, Louisiana

We have audited the accompanying component unit financial statements of the Livingston Parish Sheriff as of and for the year ended June 30, 2003, and have issued our report thereon dated December 29, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the sheriff's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. Except as discussed in the Schedule of Findings and Questioned Costs, the results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

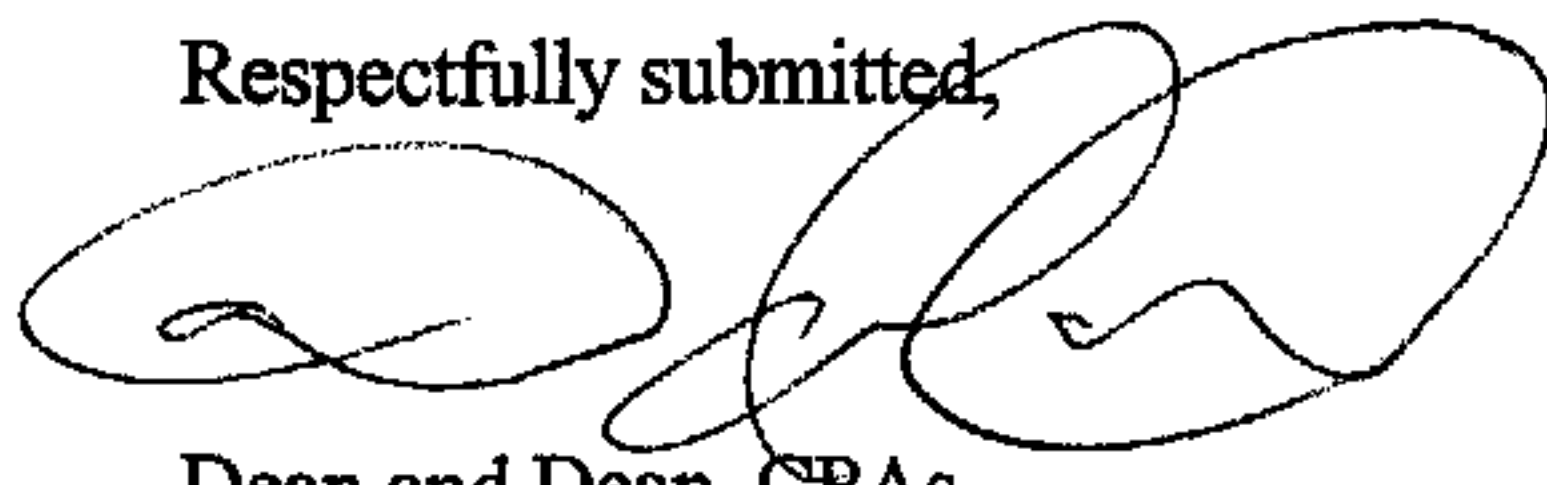
In planning and performing our audit, we considered the Livingston Parish Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Honorable Willie Graves
December 29, 2003

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the Sheriff, management, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, consisting of a series of loops and flourishes, representing the name Dean and Dean, CPAs.

Dean and Dean, CPAs